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June 20, 2007

Dr. Robert Sawyer  
Chair, California Air Resources Board  
1001 I Street  
P.O. Box 2815  
Sacramento, CA 95812-2815  
Via email transmittal: [cwithers@arb.ca.gov](mailto:cwithers@arb.ca.gov)

**RE: COMMENTS ON PROPOSED EARLY ACTION MEASURES UNDER THE CALIFORNIA  
GLOBAL WARMING SOLUTIONS ACT OF 2006**

Dear Dr. Sawyer,

The California Chamber of Commerce, the state's largest business advocate, representing over 15,000 members is an active voice in the implementation of AB 32. Since the signing of AB 32, CalChamber has been committed to finding the best solutions to reduce our global greenhouse gas emissions without hurting the state's economy or driving businesses and their emissions elsewhere. To be a true leader in this fight against global warming, we believe the state should promote its best practices and programs on a global scale.

The Global Warming Solutions Act of 2006 has given the Air Resources Board (ARB) the enormous task of regulating the state's greenhouse gas emissions. A part of this task is designed in such a way to implement specific command and control regulations or "discrete early actions" on a handful of industries that emit greenhouse gases. These discrete early actions will affect the majority of our membership, either directly or indirectly, due to a number of factors. Based on your staff's report dated April 20, 2007, the CalChamber would like to offer the following comments.

**The recognition of voluntary early emission reductions is necessary.** We appreciate the attention given to voluntary early emission reductions in the staff report and hope to help craft a strong mechanism for ensuring industries are not punished for their efforts in reducing their emissions before regulations are in place. By giving businesses credit for taking initiative, we are recognizing those that have been true leaders in this fight and are setting an example for those industries that have yet to begin reducing their greenhouse gas emissions. It is vital that we continue to encourage voluntary actions so the state can continue to pioneer new technologies and much needed investment for the future. Such a mechanism can be a great tool to bring businesses to the table to help create solutions to this global problem.

**Economic analysis is vital for all proposed early action measures.** It is important the state conducts thorough analysis of each proposed "discrete early action" before regulations are finalized. This includes not only a full understanding of the action itself, but also an accompanying economic review of the action to be taken and its potential effects on the state's economy, consumers, and businesses. Without a critical economic review and analysis of each proposed action, businesses and consumers will have little certainty and faith in the proposed regulations and will be blind-sided by the effects of these actions when they are in effect.

We believe circulating the proposed actions through a critical economic review process will provide a good template for future actions that will be taken up by the ARB. Beginning this economic review process right now will ensure a credible system for the future.

**Climate change regulation is not a cost-effective solution to combating criteria pollutants and air toxics.** The implementation of AB 32 represents California's decision to fight global warming a priority for the state. This landmark piece of legislation has become the most ambitious environmental effort in the state's history. It is important, however that we do not confuse this priority with other environmental efforts the state is pursuing. In the staff report, it is mentioned that "a number of stakeholders have commented that the ARB's conventional air pollution controls should also be considered early action measures, even though they do not address the specific greenhouse gases identified in AB 32". The ARB has also identified these conventional air pollution control measures and has placed them in the Group 3 category, which is scheduled for rulemaking in the 2007-2009 period. We believe that such a focus on these localized air pollutants will take away from the overall climate change initiative. It is important to note that these pollutants are regulated thru alternate regulation. The implementation of AB 32 is neither the more cost-effective method nor the best strategy for dealing with these pollutants. If our state is to be a credible model for others, we must create the leading program in reducing greenhouse gas emissions and define it as a priority within our initiatives.

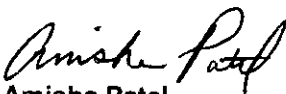
The CalChamber does believe, however that all regulations promulgated by the ARB should ensure against backsliding. It is important that our efforts to reduce greenhouse gas emissions do not increase local criteria and air pollutants in our neighborhoods.

**Proposed discrete early action: Low Carbon Fuel Standard should create a market, not limit alternatives.** It is evident that transportation represents a large portion of our greenhouse gas emissions in the state. Earlier this year, Governor Schwarzenegger issued an Executive Order calling on multiple state agencies to combine their efforts to create a Low Carbon Fuel Standard that would be met through market-based methodologies. The Governor's vision also gives the market the flexibility to determine the best solutions for meeting the standard. The CalChamber believes this original vision should be sustained to ensure the state develops a multitude of fuel technologies that will help reduce emissions and create a fuels market that is cleaner and affordable for consumers and businesses statewide.

Also, it is important to remember that renewable fuel technology is still being researched and continues to develop each day. The ARB should refrain from picking winners and losers so that the state can truly recognize the benefits of each technology.

Due to the global nature of this issue, California is being watched by a number of states and nations as it embarks on this regulatory program. It is important the state works hard to build a system that will be a model for others. A key component to building such a system is understanding the full-cycle effects of each recommended regulation. We hope the CalChamber and its membership can serve as tool to help you and your staff come up with the best solutions to reducing our state's greenhouse gas emissions. We look forward to working with you on this topic in the future. If you have any questions, feel free to contact me at (916) 444-6670.

Sincerely,



Amisha Patel  
Policy Advocate

cc: Members of the California Air Resources Board  
John Moffat, Office of the Governor  
Catherine Witherspoon, Executive Officer, ARB  
Chuck Shulock, Program Manager, ARB

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